

# CORRECTED FISCAL NOTE

## SB 576 - HB 1216

May 3, 2007

**SUMMARY OF BILL:** Requires every public employer, contractor and subcontractor to register and participate in the federal work authorization program to verify information of all new employees. The Department of Labor and Workforce Development shall promulgate rules and regulations to ensure compliance. Requires the Department of Transportation (TDOT) to promulgate rules and regulations relative to contracts for public transportation. Creates the felony offenses of labor servitude and sexual servitude. If an employee is an illegal immigrant, certain excise tax credits an employer receives for such employee will be eliminated. Directs the Governor to designate local police officers to enforce federal immigration and customs laws. Prohibits the delivery of public benefits to illegal immigrants under certain circumstances. Fraudulently stating immigration or citizenship status to receive state benefits is punishable as a felony offense of aggravated perjury. Requires the Secretary of State to monitor the Systematic Alien Verification for Entitlements (SAVE) program and its verification application errors and significant delays and shall report such to the Governor and to the Speakers of the Senate and House of Representatives on an annual basis.

### **ESTIMATED FISCAL IMPACT:**

On March 26, 2007 we issued a fiscal note that indicated:

*Increase State Expenditures - \$1,870,900 Recurring  
\$140,000 One-Time  
\$52,700 Incarceration\**

*Increase Local Govt. Expenditures - Exceeds \$1,000,000\*\**

Based on further consideration and additional information, the fiscal impact is:

**(CORRECTED)**

**Increase State Expenditures - \$1,071,100 Recurring  
\$14,400 One-Time  
\$65,900 Incarceration\***

**Increase Local Govt. Expenditures - Exceeds \$1,000,000\*\***

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**Other Fiscal Impact – Any increase in state revenues received as a result of eliminating certain excise tax exemptions is unquantifiable because it is unknown how many exemptions for employees who are illegal immigrants are currently claimed. Any decrease in state expenditures as a result of prohibiting the delivery of certain public benefits to illegal immigrants is unquantifiable because it is unknown how many illegal immigrants currently receive such benefits. The process to determine immigrant status will lengthen the application process and could increase emergency room utilization, which does not require verification of immigrant status. This may generate some offsetting costs. Such costs are unquantifiable.**

Assumptions:

- The Department of Labor and Workforce Development will need to create a new section that will require eighteen additional positions to ensure compliance (\$537,000 recurring, \$7,533 one-time for twelve positions to ensure compliance by state government and its contractors and subcontractors; \$263,200 recurring, \$3,767 one-time for six positions to ensure compliance by local governments and their contractors and subcontractors).
- The Secretary of State will need to create a new section that will require three additional positions to monitor the SAVE program (\$270,900 recurring, \$3,100 one-time).
- The new offenses can be prosecuted under current law. Although the bill does not preclude prosecution for an existing offense as well as the new offense, the existing offenses will be subsumed as lesser included offenses under the new offense.
- According to the Department of Correction (DOC), the average operating cost per inmate per day for calendar year 2007 is \$60.16.
- One offender will serve an additional 0.3 years (an increase from 0.3 years for a Class E felony offense to 0.6 years for a Class D felony offense). The cost per inmate at 0.3 years is \$6,592.33 (\$60.16 x 109.58 days). The cost per inmate at 0.6 years is \$13,184.06 (\$60.16 x 219.15). The additional cost from increasing the average sentence length from 0.3 years to 0.6 years is \$6,591.73 (\$13,184.06 - \$6,592.33).
- One offender will serve an additional 2.1 years (an increase from 0.3 for a Class E felony to 2.4 years for a Class B felony offense). The cost per inmate at 0.3 years is \$6,592.33 (\$60.16 x 109.58 days). The cost per inmate at 2.4 years is \$52,736.26 (\$60.16 x 876.6 days). The additional cost from increasing the average sentence length from 0.3 years to 2.4 years is \$46,143.93 (\$52,736.26 - \$6,592.33).
- Two offenders will serve an additional 0.3 years (an increase from a Class E at 0.3 years to a Class D at 0.6 years) for aggravated perjury.

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The cost per inmate at 0.3 years (109.58 days) is \$6,592.33. The cost per inmate at 0.6 years (219.15 days) is \$13,184.06. The additional cost from increasing the average sentence length from 0.3 years to 0.6 years is \$6,591.73 (\$13,184.06 - \$6,592.33). The total additional operating cost for two offenders is \$13,183.46 (\$6,591.73 x 2).

- Based upon information obtained from the Nashville-Davidson County Sheriff's Office, which currently has an agreement to enforce federal immigration and customs laws, the increase costs to local governments will exceed \$1,000,000 statewide.

*\*Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

*\*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director